

INFORMATION BULLETIN #76

INCOME TAX

AUGUST, 2000

(Replaces Information Bulletin#76, dated May 1987)

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SUBJECT: CLAIM FOR REFUND OF COUNTY TAX FOR
CERTAIN UNEMPLOYED TAXPAYERS

REFERENCE: IC 6-3.5-1.1-5

INTRODUCTION:

IC 6-3.5-1.1-5 provides relief for certain taxpayers subject to the County Adjusted Gross Income Tax (CAGIT) who left employment through no fault of their own. In order to take advantage of this relief, a taxpayer must be subject to CAGIT in a county where the tax is in effect only for a part of the year. Therefore, it applies only in a year when the tax is adopted or rescinded.

I. ELIGIBILITY FOR RELIEF

The claimant must be unemployed for that part of the year during which the tax was in effect. An individual is unemployed when no remuneration is payable to him for personal services.

County taxpayers who were discharged for just cause are not eligible. Retired taxpayers are not part of the work force; therefore, they cannot file a claim for refund.

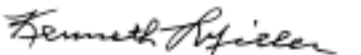
During the part of the year that CAGIT is in effect, the claimant cannot have any earned income. Earned income consists of wages, salaries, tips, other employee compensation and net earnings from self employment (sole proprietor, independent contractor, working partners of a partnership). Earned income also includes strike benefits, certain disability pensions and anything of value received for services performed. Interest, dividends, pensions, and annuities are not earned income.

If a taxpayer has **any** earned income during the part of the year that CAGIT was in effect, he is not eligible to file a claim for refund.

If a joint tax return was filed, one or both of the taxpayers may qualify. If there is only one claimant on a joint return, all the qualifications must be met by the claimant.

II. FILING A CLAIM FOR REFUND WITH THE DEPARTMENT

A qualified taxpayer must file a claim for refund with the Department. A statement from the employer, on employer's letterhead, must be attached to the claim. If CAGIT was adopted during the year and the employee left employment before the tax became effective, the statement must contain the date the employee left and state that the employee was not discharged for just cause. If CAGIT was rescinded during the year and the employee was hired after the tax became effective, the statement must give the date of hire.



Kenneth L. Miller
Commissioner